



Imperial™

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Investor briefing

June 2020



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Our business positioning



African and **European** focused provider of **logistics** and **market access solutions**



Focus on five key industries – **healthcare, consumer, automotive, chemicals** and **industrial**



Listed on the **Johannesburg Stock Exchange** in South Africa



Ranked among the **top 30 global** logistics providers



Take our clients' products to some of the **fastest growing** & most **challenging markets** in the world



Employ over **27 000 people** in **32 countries**



Annual **revenue** of **c.R50bn / USD2.8bn**
Annual **operating profit** of **c.R2.5bn / USD140m**



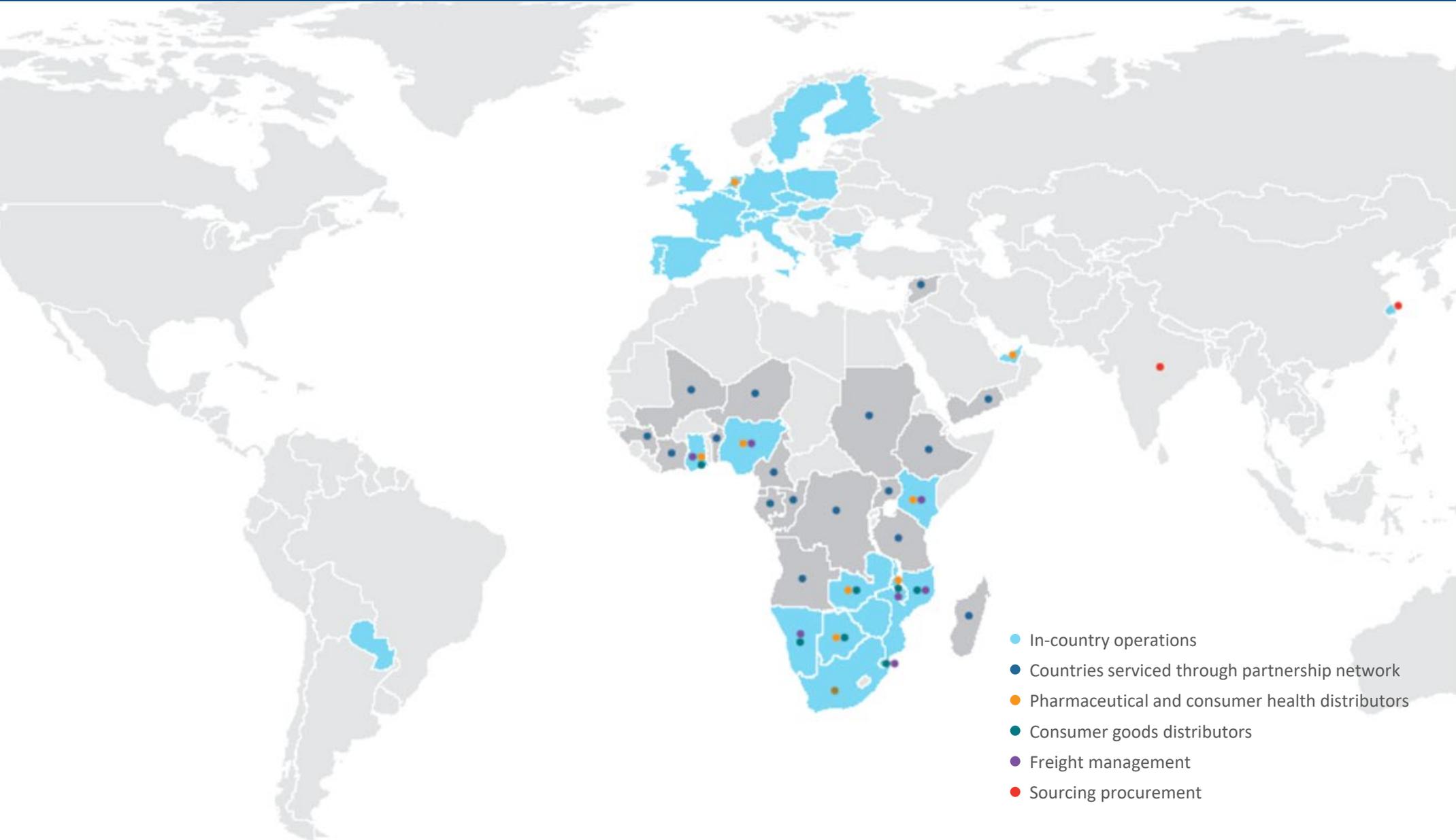
Provide access to **quality medical products, consumer goods** and other products & services



Support & invest in our **countries & communities** of operation - **integrating ESG** into daily business practices



Seek out and **leverage technology** to deliver **innovative, integrated, end-to-end solutions**



- We take ownership of product inventory to provide our clients with unparalleled access to their end-consumers through an integrated logistics & sales service
- Leverage sourcing, warehousing, distribution, synchronisation & transportation management as enablers

Our core offerings:

- Integrated market access services & logistics solutions
- Healthcare & consumer distributorships
- Multi-market aggregation
- Sourcing & procurement
- Emergency relief & kitting
- Marketing & promotion services



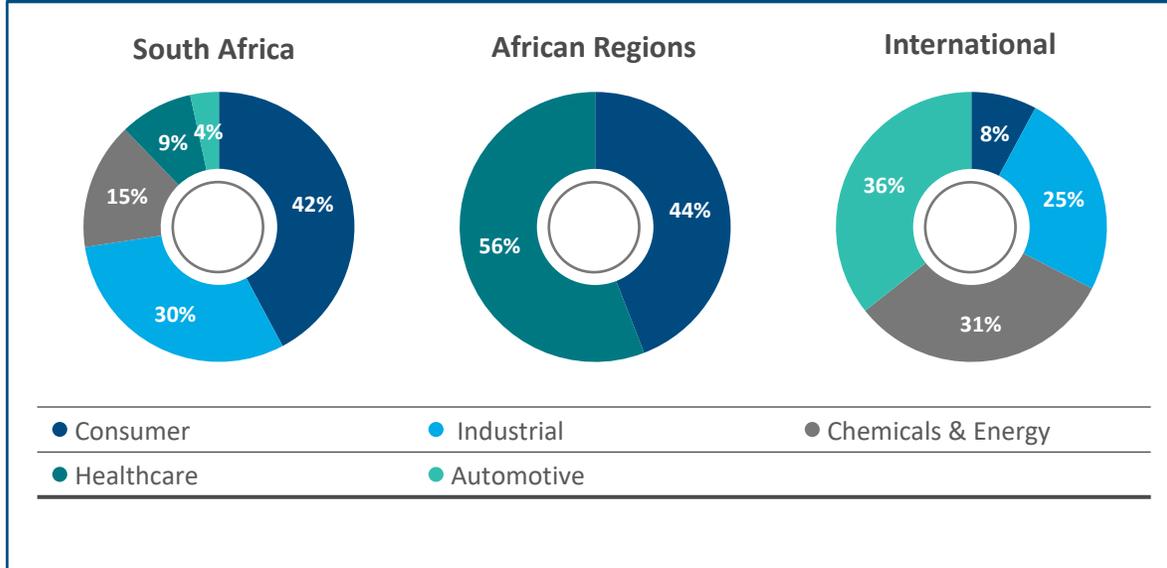
- With deep expertise, we expertly manage the movement of goods on behalf of clients between specified sources & destinations
- Skilfully navigate different transportation modes (road, river, rail, air and ocean) & utilise a range of transportation types
- In order to reduce their time-to-market, improve customer service & mitigate risk we also work in partnership with our clients to integrate logistics functions - including warehousing, distribution and synchronisation management - into their end-to-end supply chain
- When the outsource relationship is at the height of its maturity, we act as the Lead Logistics Provider (LLP) - managing multiple supply chain functions on our clients' behalf

Our core offerings:

- Air & ocean freight management
- Road freight management
- Contract logistics
- Lead logistics services



Revenue by industry (%)

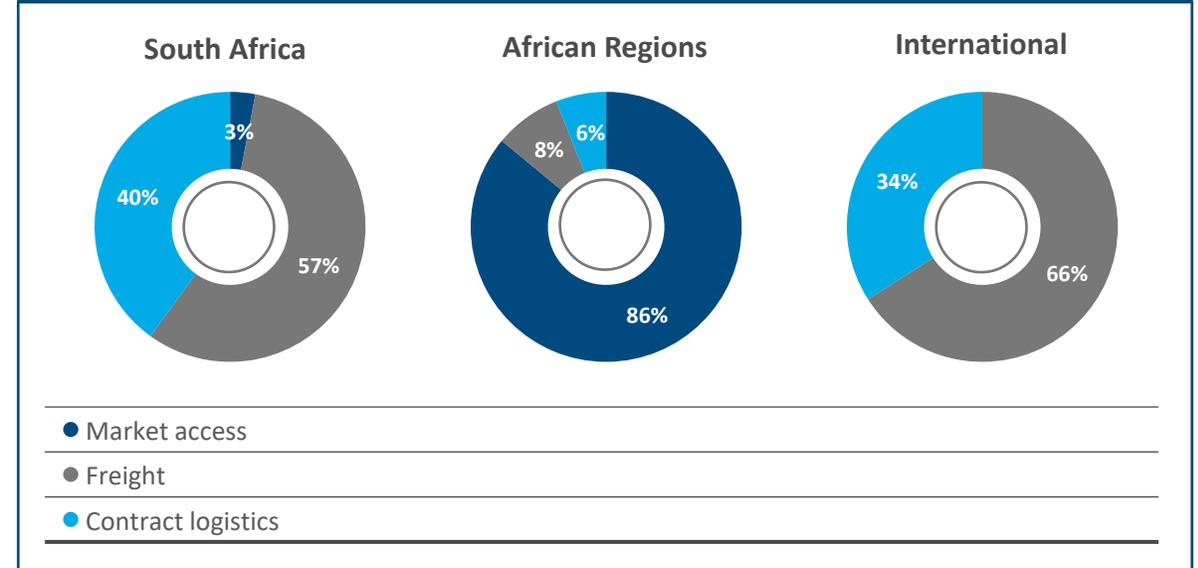


South Africa: diversified solutions across many industries & clients - support resilience of this business in a low-growth environment

African Regions: strongly positioned in healthcare & consumer - sustainable, fast growing & defensive industries across Africa

International: industry exposure is still largely focused on low-growth, declining German manufacturing (chemicals, steel). Portfolio being aligned to diversify industry exposure & explore growth opportunities in other markets - leveraging our expertise in these industries in Europe - to support trade flows & our supply chain into & out of Africa

Revenue by business (%)

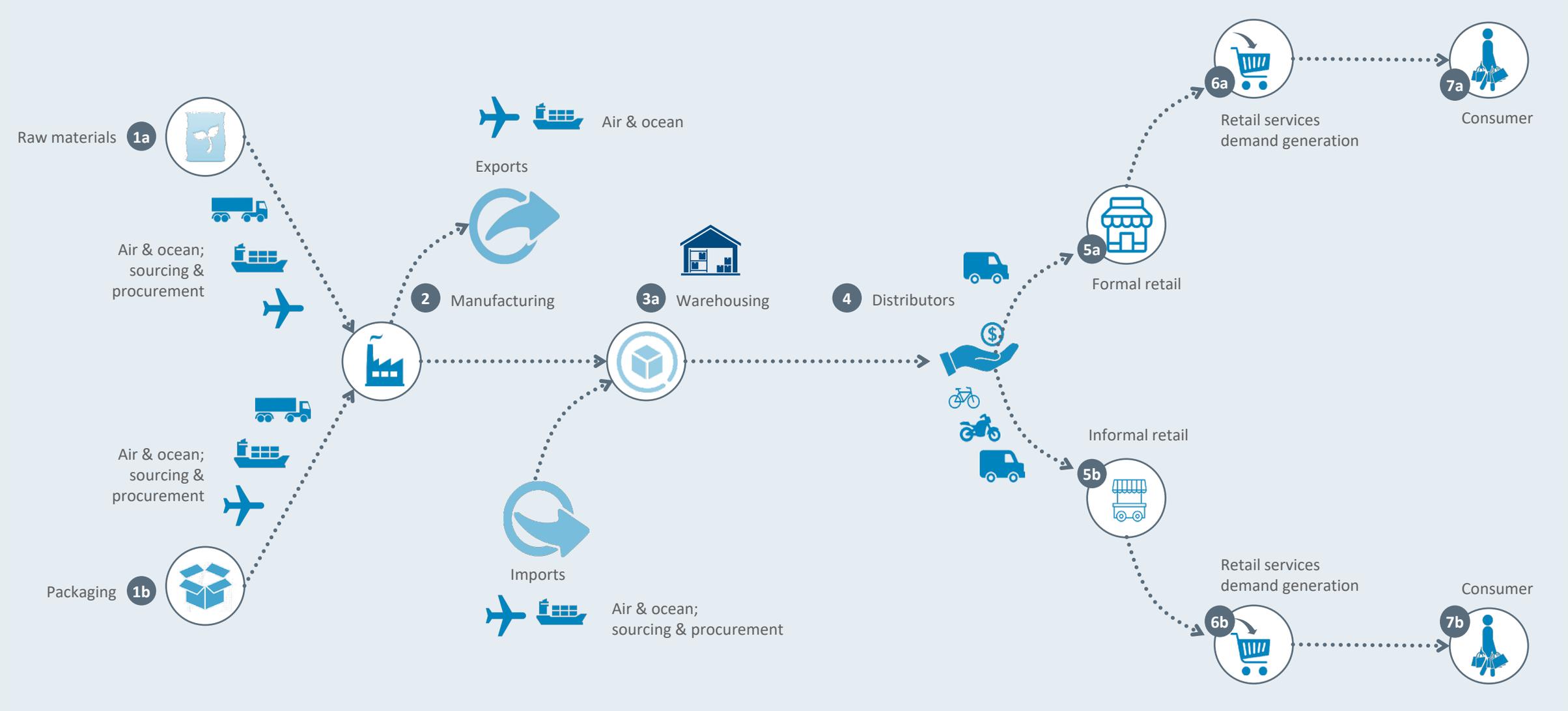


South Africa: strong positions in freight & contract logistics support our diversified solutions. Growth opportunities in market access (mainly consumer & healthcare)

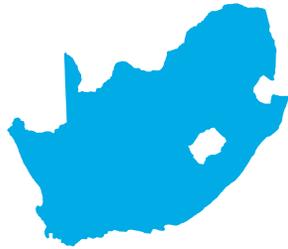
African Regions: continue to strengthen & grow our market access position - a key driver to providing integrated, logistics supply chain & market access solutions, into & out of Africa

International: Strategically aligning our current portfolio. Expansion of specific capabilities, industries & a shift primarily towards freight (air & ocean) - to support trade flows & our supply chain into & out of Africa

End-to-end value chain



South Africa



- Consumer goods deliveries annually **>50 000 points annually**
- **>3.1 billion litres** of fuel delivered
- **1.6 million tonnes** of packaging moved
- Manage **> 1 million m²** of warehousing space

African Regions



- Provide point of care & retailer level deliveries to **>4 200 delivery points** in Kenya, **>1 300** in Ghana & more than **>52 000** across Nigeria
- Own & operate **>200 000 m²** warehousing of in the healthcare & consumer industries

International



- **23 automotive warehouses** in Europe deliver value-add logistic for the annual production of **>2.3 million cars**
- Western Europe's largest provider of express palletised distribution services
- **handling** 10 million pallets per year
- A significant player in the European chemical industry



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Advancing our strategic transformation journey

- We are managing businesses in a time of great uncertainty
- As an essential services business our priorities are to:
 - › protect our staff & operations from COVID-19 infection
 - › aid the economies & citizens of the countries in which we operate by delivering vital medication, food & other essential goods & services
 - › extend a helping hand to governments, NGOs & communities in this time of need
 - › maintain a sound financial position
 - › continue to execute on our strategic imperatives to make us resilient into future
- We are not deviating from our strategic journey:
 - › transforming from a portfolio of regional businesses to an integrated end-to-end market access & logistics business
 - › strategic intent of becoming the ‘Gateway to Africa’ & ‘One Imperial’
 - › transforming from an asset heavy 3PL logistics player to an innovative asset light business - using data, technology & our unique market access business as a differentiator
 - › developing & retaining top talent
 - › integrating ESG practices
- Preparing our business for a post-pandemic world - ensuring a resilient, sustainable business with a purpose



We have embarked on a journey to transform Imperial from a regional portfolio of businesses to offer an integrated, end-to-end service which will deliver simplicity, flexibility & visibility to clients - supporting our positioning as the ‘Gateway to Africa’

- As we continue to advance our strategic transformation journey we will:
 - › further optimise our current operations by making them lean
 - › exit non-core, low return on effort & underperforming businesses
 - › service our clients profitably & executing flawlessly
 - › grow organically while still executing on our strategy
 - › continue to invest in our ‘Gateway to Africa’ & ‘One Imperial’ strategic imperatives
 - › continue to invest in innovation, digital & disruptive technology



The 6 pillars of our business strategy

Operate as 'One Imperial', offering unique end-to-end solutions

- Understanding industries & client needs
- Offering unique integrated logistics solutions and market access solutions
- Becoming a trusted brand
- Sharing capabilities for economies of scale & skills
- Ability to forward & backward integrate - "one stop shop"

Extensive Africa footprint - serving as a gateway to Africa

- Becoming the leading market access/logistics partner in Africa
- Focusing in key industries
- Leveraging global footprint & scale
- Ensuring local relevance

International footprint & expertise

- Give us access to first world technology & industry trends
- Broader multi-national client base that can be leveraged into Africa
- Creates cross-selling & upselling opportunities
- Enhances our client marketing opportunities & positioning
- Grow into new markets & capabilities outside Africa such as air/ocean & new emerging markets

Go digital, be digital, enable digital

- Becoming data & insights driven (internally and for our clients)
- Leveraging technology platforms
- Establishing partnerships & expand ecosystem

People are our greatest asset

- Creating a 'One Imperial' culture
- Transforming leadership diversity & mindset
- Attracting & retaining the best talent & skills

Integrating environmental, social & governance practices

- Protecting our licence to operate & reputation
- Proactively managing and investing in ESG as part of our daily course of business
- We care about our communities, environment & countries of operation
- Purpose trumps profit – particularly in a post COVID-19 world

- **The decisive strategic actions that we undertook as a business over the last 15 months have stood us in good stead as we now navigate these uncertain times**
 - › removing c. R385 million p.a of fixed overhead costs
 - › the closure of the CPG business in South Africa
 - › the disposal of European shipping
- Despite the disruptions of COVID-19 related restrictions the business has remained focused on strategic delivery



- Four new acquisitions were successfully concluded at the end of December 2019 - all enhancing market access position in Africa with R584 million spent
- Simplified Solutions in Healthcare added new principals of c. USD12m with a healthy new business pipeline
- Added sourcing & procurement capabilities to other industries (previously only healthcare)
- Market access capability in South Africa: onboarding new business
- Appointed a new CEO in South Africa in March
- Leveraging best in class processes, practices & technology across the market access, freight & contract logistics businesses

In progress

- Exit underperforming, low return on effort businesses
- Exploring acquisitions in healthcare and consumer in African Regions that complement our existing footprint
- Demand generation, light contract manufacturing & brand partnership services are being expanded
- In South Africa:
 - › further rationalisation, consolidation & restructuring in upcoming months
 - › transforming the operating model & mindset under new leadership
 - › creation of a focused asset-light road freight management capability in the region



- Finalised agreement for the disposal of European shipping business - at a competitive price & in line with our original timeline
- Acquisition of Mex Logistics - a Turkish air & ocean freight forwarding company
- Moved Imperial Clearing & Forwarding in South Africa into this division
- Establishing our Lead Logistics Provider capability

In progress:

- Continue with the sale of the South American shipping business separately, anticipate to conclude within 12 months
- Exploring expansion opportunities into air/ocean freight management - will be cautious investing in new acquisitions in calendar 2020
- Exit non-core, low return on effort & underperforming businesses



- Appointed a Group Chief People Officer
- Key Black & female management appointments made at both group EXCO & the South Africa EXCO/senior management levels
- Transforming our culture – key to achieving our ‘One Imperial’ strategic intent
- Established & advancing our global & regional women’s forums



- Appointed a Group Chief Digital Officer
- Our innovation fund in partnership with Newtown Partners continues to record significant activity, leveraging disruptive innovation & new technologies for competitive advantage
- Our key digital initiatives include:
 - › **Control towers** - enable hospitals, other healthcare providers & suppliers to improve processes, collaborate more closely & operate more efficiently at lower cost
 - › **Point of sale integration** - consumer demand patterns, funding & finance; supply chain visibility; working capital management; new revenue streams
 - › **e-Commerce fulfillment** - direct-to-consumer warehousing & delivery management capabilities
 - › **Value from data** - harvesting & consolidating data leading to extracting & interpreting insights internally and to benefit our principals
 - › **Digital fleet management** - reduce capex, diesel spend, overtime, tyre spend & insurance through visibility, analytics & action
 - › **Mobile commerce** - sales force automation, trader enablement & integrated order-to-cash processes



- Integrating ESG into our strategy & business practices, including establishing a CSI/ESG Committee
- Developed & rolling out group wide ESG & climate change policies & guidelines (the first for the group)
- Advancing ESG reporting standards & global membership (including green-finance facility)
- Continuing to invest in our communities through strategic CSI initiatives across regions





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COVID-19

- **COVID-19 is, first & foremost, a humanitarian challenge & our response has been a deeply humane one**
- Our response to the pandemic encompasses these distinct phases:
 - › **Resolve**: addressing the immediate challenges COVID-19 represents to our workforce, clients & business
 - › **Resilience**: addressing the economic knock-on effects, short term cashflow management challenges & resilience
 - › **Return**: creating detailed plans to return businesses to scale quickly as COVID-19 situation evolves & knock-on effects become clearer
 - › **Re-imagination**: re-imagining the new normal & the implications for our business & strategy
 - › **Reform**: anticipating & managing the shifts in industry, regulatory, consumer behaviour & competitive environments
- We will continue to learn & adapt
 - › adjusting strategy & operations to leverage inherent opportunities



We continue to support key stakeholders in 32 countries of operation:

- Providing support to staff & prioritising their safety
- Achieving high service levels - in certain cases we have put in additional capacity so that our clients can meet increased demand
- Continue to service our market access channels where possible
- Non-Executive Directors reduced their fees from April until the end of June 2020 by 25%
- Group Executive Committee taking up to a 25% salary cut from April until the end of June 2020
- R5 million contributed to the Solidarity Fund in South Africa
- R5 million contributed to the Giving for Hope Foundation
- R500 000 contributed to Gift of the Givers humanitarian organisation
- Sourced & delivered 1000s of cubic meters of PPE & medical-grade hand sanitisers for public & private sectors in South Africa & Europe
- Partnering with charity organisations, providing vehicles & resources to deliver food parcels & other basic needs to communities



Socio-economic shift	Anticipated response
Border restrictions & other limitations on the movement of goods & people will see the growing prevalence of local manufacturing & on-shoring	Shortening supply chains & support for local manufacturing - major logistics & market access opportunity
Clients will rethink their supply chains	Greater demand for visibility & resilience - providing data & technology solutions - key differentiator
Slow economic recovery	Clients will look to outsource more & focus on core capabilities Strong pipeline of new opportunities
Further changes in industry structures, consumer behaviour, marketing positioning must be anticipated & accommodated	Logistics industry is resilient & will become more relevant & stronger as these changes happen
Consumer behaviour will change & the rise of the contact free economy will continue	e-commerce, online consumer engagement, tele medicine etc. will shape business models – excellent opportunity in Africa as current service levels have significant room for improvement
Ways of working will change	Remote & flexible working conditions will become the rule rather than an exception This will present opportunities for efficiencies & cost saving
Greater government & regulatory intervention & scrutiny	Pressure to holistically & visibly embrace the principals of ESG will increase
Corporate value & shared value will be subject to close & critical evaluation & the concept of value creation will be more widely defined & applied than ever before	Organisations will need to give employees, communities & growth in share price equal priority - Purpose will trump Profit!
Increase demand for products & investment in capacity in healthcare industry	Ideally positioned based on our end-to-end value chain – sourcing, procurement, distribution, market access, mobile clinics etc. c.20% of revenue generated from healthcare industry



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Operating performance for 9 months ended 31 March 2020

- Delivered an unsatisfactory performance from continuing operations (excluding European shipping)
 - › grew revenue
 - › reduced operating profit
- Benefitted from new contract gains, significant cost cutting, portfolio rationalisation & restructuring undertaken in F2019
- Offset by increasingly challenging macro-economic conditions & COVID-19
 - › lower volumes & margin pressure across the business
 - › increase in activity & volumes as lockdown restrictions are easing in our key markets
- Securing new business across the group
 - › new business revenue of R4.9 billion (annualised) gained in the 9 months to end March 2020
 - › strong pipeline of new business opportunities
- c.80% of contracts renewed



- Double-digit revenue growth
- Operating profit declined due to COVID-19 & related once off costs
- c. 70% of this business is currently in operation; up from c.55% at end of March & April
- Some key sectors still impacted
 - › tobacco industry remains closed
 - › fuel volumes are depressed due to lack of demand
- Performance is anticipated to remain at current levels until lockdown restrictions in South Africa are lifted further
- Further restructuring & consolidating business units to:
 - › reduce costs
 - › remove complexity
 - › right-size the business for a tougher economic environment
 - › exit underperforming, low return on effort businesses



- Resilient performance
- Mainly engaged in healthcare & consumer goods sales & distribution - with close to 100% of revenue generated from these two industries
- Increased revenue; benefitted from new acquisitions & new contract gains
- Lower operating profit, due to reduced volumes
- Operating margins are under pressure
- Many of our countries of operation are in lockdown or partial lockdown
- While we are still able to service most of our market access channels in consumer, demand has reduced due to lower activity
 - › mainly in markets where sales of liquor & tobacco were negatively impacted
- Strong order book in Imres – sourcing & procuring medical supplies & kitting for aid & relief organisations
 - › supply & delivery of products from India remain a concern
- In excess of c.120 days paid-up stock in Nigeria, which positions us well to deal with the currency risks in the country



- Most impacted by the pandemic
- Significant reduction in volumes & activities in March & April
- Automotive contract logistics & related transport businesses were most impacted (c. 36% of revenue generated from automotive)
- Volumes in chemicals & related shipping businesses were less impacted (c.31% of revenue generated from chemicals)
- Other businesses remained operational but recorded declining volumes
- Many countries in Europe are now easing lockdown restrictions
- Some OEMs in Germany slowly returning to production
- Increase in activity and volumes since March – currently operating at c.70% of normalised revenue
- Recovery is dependent on the duration of the crisis & time taken to restore the broken supply chains





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Maintaining a sound financial position

- Safeguarding & preserving our balance sheet, managing debt levels to remain within bank covenants, maintaining liquidity & preserving cashflows
 - › proactive measures to reduce fixed overhead costs
 - › moratorium on all capex spend
 - › optimising working capital
 - › generating operating cashflows
 - › South Africa & International businesses to reduce overhead costs through further portfolio rationalisation & consolidation & restructuring in upcoming months
- Proceeds from European shipping disposal will be used to:
 - › reduce the Company's existing debt upon closing
 - › provide capacity to pursue our strategic objective of investing in new areas that enhance our African growth vision
- Imperial's net debt:EBITDA will remain below 2.5x (subject to currency fluctuations), on receipt of these proceeds
 - › sufficient headroom against our maximum net debt:EBITDA covenants of 3.25x
 - › provides balance sheet resilience in a tough environment (COVID-19)
- Continue to explore growth opportunities but will be cautious in investing in new acquisitions in the current calendar year





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Guidance for F2020

- Many of our markets are facing increasing uncertainty & volatility
- The impact of the COVID-19 pandemic will significantly impact our operations & performance in the short term
- At this stage, for continuing operations (excluding European shipping) in F2020, we anticipate:
 - › revenue will be maintained compared to F2019
 - › operating profit & HEPS expected to decrease by more than 20% compared to F2019

While we will continue to meet the demands & manage the implications of the pandemic in the short term, we will ensure that significant time & energy is given to delivering against our strategy - to build a sustainable & resilient business with a purpose, well into the future



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Thank you

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